

Message Text

CONFIDENTIAL

PAGE 01 BONN 16163 01 OF 03 121054Z

11

ACTION EUR-12

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R 121042Z OCT 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5630

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USMISSION NATO BRUSSELS

USMISSION BERLIN

C O N F I D E N T I A L SECTION 01 OF 03 BONN 16163

E.O. 11652: GDS

TAGS: PGOV, PFOR, GW, GE, WB

SUBJECT: FEDERAL CHANCELLERY AIDE'S BRIEFING ON

FRG-GDR RELATIONS

REF: BONN 15835

1. SUMMARY: SENIOR FRG CHANCELLERY AIDE (SANNE) BRIEFED US AND FRENCH AMBASSADORS AND UK CHARGE OCTOBER 10 ON CURRENT STATE OF INNER-GERMAN RELATIONS. HE DESCRIBED BACKGROUND OF RECENT SCHMIDT-HONECKER EXCHANGE OF LETTERS (REFTEL) AND THE STATUS OF NEGOTIATIONS NOW GOING ON BETWEEN FRG AND GDR REPRESENTATIVES, GAUS AND NIER. HE SAID PRINCIPAL BLOCK TO SETTLEMENT OF THE SO-CALLED PACKAGE OF INNER-GERMAN AGREEMENTS NOW UNDER CONSIDERATION WAS GDR UNWILLINGNESS TO MEET FRG DEMANDS ON REMOVAL OF CURRENCY EXCHANGE REQUIREMENTS FOR WEST GERMAN AND WEST BERLIN TRAVELLERS TO GDR AND EAST BERLIN. SANNE ALSO INDICATED THAT FRG HAD MADE OFFER TO GDR FOR EXTENSION OF SWING CREDIT ARRANGEMENT AT HIGHER LEVEL THAN PRESENT CEILING.

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PAGE 02 BONN 16163 01 OF 03 121054Z

SANNE SAID HE THOUGHT THERE WOULD EITHER BE A BREAK-

THROUGH IN THE NEXT TWO WEEKS, I.E. PRIOR TO SCHMIDT'S MOSCOW VISIT, OR THE PRESENT IMPASSE WOULD LAST INTO NEXT YEAR. END SUMMARY.

2. SANNE SAID THAT THE GDR HAD BEGUN TO SHOW INTEREST IN RESUMING DISCUSSIONS WITH THE FEDERAL GOVERNMENT ON OUTSTANDING ISSUES IN JULY, DESPITE THE DIFFICULTIES THEN OVER THE ESTABLISHMENT OF THE FEDERAL ENVIRONMENT AGENCY (FEA) IN WEST BERLIN. SANNE SAID THAT IT WAS CONSIDERED IN BONN THAT THE GDR INITIATIVE HAD COME AS A RESULT OF PRESSURE FROM THE SOVIETS WHO WISHED THE GDR TO MEND ITS RELATIONS WITH THE FRG AFTER THE GUILLAUME AFFAIR. IN THE COURSE OF PRELIMINARY SOUNDINGS, THE GDR HAD INDICATED THAT THE FEA-RELATED TRANSIT DIFFICULTIES WOULD STOP ON A CERTAIN DAY, AND THEY DID IN FACT CEASE AT THAT TIME.

3. SANNE SAID THAT SCHMIDT HAD ATTACHED GREAT IMPORTANCE TO COMPLETE SECRECY IN THESE PRELIMINARY EXCHANGES. ONLY A VERY LIMITED CIRCLE OF OFFICIALS HAD BEEN AWARE OF THEM. SCHMIDT DELIBERATELY USED AS INTERMEDIARIES PERSONS WHO NORMALLY HAD NOTHING TO DO WITH INNER-GERMAN RELATIONS.

4. SANNE SAID THAT THE MAIN ISSUES OUTSTANDING BETWEEN THE FRG AND GDR WERE THE EXTENSION OF THE SWING CREDIT FOR INTRA-GERMAN TRADE, THE COMPULSORY EXCHANGE QUOTA FOR VISITORS TO THE GDR, REUNIFICATION OF FAMILIES, ELECTRICITY SUPPLIES FOR WEST BERLIN, THE IMPROVEMENT OF TRANSPORT ROUTES TO BERLIN, AND THE REPAIR AND DEVELOPMENT OF THE TRANSIT ROUTES BETWEEN WEST BERLIN AND THE FRG.

5. THE GDR WAS PARTICULARLY ANXIOUS TO REACH EARLY AGREEMENT ON THE FUTURE OF THE SWING CREDIT, SINCE THE PRESENT AGREEMENT RUNS OUT NEXT YEAR. SCHMIDT HAD INDICATED TO THE GDR (VIA HIS GO-BETWEEN) THAT HE WAS WILLING IN PRINCIPLE TO MAKE ARRANGEMENTS FOR THE INTEREST FREE SWING CREDIT FOR A FURTHER THREE YEARS, I.E. 1976 THROUGH 1978, ON THE BASIS OF A FIXED CEILING A LITTLE HIGHER THAN THE PRESENT LEVEL (PERHAPS CONFIDENTIAL

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PAGE 03 BONN 16163 01 OF 03 121054Z

IN THE REGION OF DM 750 MILLION), INSTEAD OF THE PRESENT ARRANGEMENT WHEREBY CREDIT IS PERMITTED UP TO 25 PERCENT OF THE PREVIOUS YEAR'S TURNOVER IN INNER-GERMAN TRADE. SCHMIDT ALSO INDICATED THAT THE FEDERAL GOVERNMENT WOULD WISH AFTER THOSE THREE YEARS TO BEGIN TO REDUCE THE TOTAL, ULTIMATELY TO THE CEILING OF DM 200 MILLION WHICH HAD PREVAILED BEFORE THE 1968 AGREEMENT.

6. FOR ITS PART THE GDR SIDE HAD INDICATED A WILLING-
NESS TO MODIFY THE PRESENT MINIMUM EXCHANGE REQUIRE-
MENT FOR VISITORS TO THE GDR WHICH HAD BEEN DOUBLED IN
NOVEMBER 1973. IT HAD SUGGESTED WAIVING THE MINIMUM
EXCHANGE REQUIREMENT AFTER THREE DAYS FOR VISITS
LASTING LONGER THAN THIS. SANNE COMMENTED THAT THIS

CONFIDENTIAL

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PAGE 01 BONN 16163 02 OF 03 121059Z

11
ACTION EUR-12

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-20 RSC-01 L-01

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C O N F I D E N T I A L SECTION 02 OF 03 BONN 16163

WOULD NOT BE TO THE GDR'S ADVANTAGE FROM A FINANCIAL
POINT OF VIEW BECAUSE THE LION'S SHARE OF THE FOREIGN
EXCHANGE ACCRUING TO THE GDR CAME FROM LONGER TERM
VISITORS. HE SAID THAT CALCULATIONS IN BONN SHOWED
THAT IN ANY EVENT, THE REDUCTION IN THE NUMBER OF
VISITORS CAUSED BY THE DOUBLING OF THE QUOTA HAD RE-
SULTED IN A NET LOSS OF FOREIGN EXCHANGE TO THE GDR
RATHER THAN A GAIN IF THE REVENUE FROM VISA FEES WERE
ALSO TAKEN INTO ACCOUNT. SANNE SAID THAT THESE CON-
SIDERATIONS CONFIRMED THE FEDERAL GOVERNMENT'S VIEW THAT
THE ECONOMIC AND FINANCIAL GROUNDS ADDUCED BY THE GDR

TO JUSTIFY ITS MEASURES WERE ONLY A PRETENCE AND THAT THE REAL MOTIVE WAS THE POLITICAL ONE OF REDUCING THE NUMBER OF VISITORS IN PURSUANCE OF THE POLICY OF "ABGRENZUNG".

7. SANNE SAID THAT THE GDR PROPOSAL TO WAIVE THE MINIMUM EXCHANGE QUOTA AFTER THREE DAYS WAS NOT ACCEPTABLE BECAUSE OF DOMESTIC POLITICAL CONSIDERATIONS
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PAGE 02 BONN 16163 02 OF 03 121059Z

IN THE FRG: THE CORRECTION OF AN ILLEGAL, UNILATERAL ACTION BY THE GDR COULD NOT BECOME PART OF A GENERAL BARGAIN BETWEEN BONN AND EAST BERLIN. SCHMIDT WAS INSISTING ON AN ACCEPTABLE SOLUTION TO THIS PROBLEM BEFORE THE OPENING OF NEGOTIATIONS ON THE OTHER SUBJECTS AT ISSUE. THE MATTER HAD BEEN DISCUSSED AT A SERIES OF MEETINGS BETWEEN FRG REPRESENTATIVE IN EAST BERLIN, STATE SECRETARY GAUS, AND GDR DUPUTY FOREIGN MINISTER NIER. THERE HAD BEEN TEN OR SO SUCH MEETINGS. THE POSITION OF THE GDR SIDE HAD BECOME HARDER IN AUGUST AND SEPTEMBER THAN IT WAS IN JULY. SCHMIDT HAD DECIDED TO EXCHANGE LETTERS WITH HONECKER IN ORDER TO GET SOMETHING IN WRITING ABOUT THE POSITION SO FAR REACHED AND THUS TO PREVENT ANY FURTHER BACKSLIDING ON THE PART OF THE EAST GERMANS. IN ANSWER TO A QUESTION SANNE SAID, WITH INSISTENT DEMANDS FOR TOTAL CONFIDENTIALITY, THAT THE CHANCELLOR'S LETTER WAS DATED 6 SEPTEMBER AND HONECKER'S REPLY WAS DATED 10 SEPTEMBER. HE DREW ATTENTION TO THE SPEED OF HONECKER'S REPLY. HE SAID THAT THE GDR SIDE HAD BEEN VERY ANXIOUS TO PUBLICISE THE EXISTENCE OF THE CONTACTS BEFORE BREZHNEV'S VISIT TO EAST BERLIN APPARENTLY IN ORDER TO BE ABLE TO CLAIM TO THE SOVIETS THAT SUBSTANTIVE NEGOTIATIONS BETWEEN THE FRG AND THE GDR WERE ALREADY IN PROGRESS. SCHMIDT HAD THREATENED TO BREAK OFF THE TALKS IF THE CONTACTS WERE PUBLICIZED.

8. SANNE SAID THAT SCHMIDT HAD BEEN SERIOUSLY EM-BARRASSED SHORTLY AFTERWARDS TO LEARN THAT A 'DIE WELT' REPORTER HAD HEARD OF HIS EXCHANGE OF LETTERS WITH HONECKER. IT HAD NOT SO FAR BEEN POSSIBLE TO DETERMINE EXACTLY WHERE THE LEAK HAD OCCURRED, ALTHOUGH A SOVIET JOURNALIST HAD PLAYED SOME ROLE IN IT APPARENTLY. THE CHANCELLOR HAD INSTRUCTED THE FEDERAL SPOKESMAN TO FORESTALL A 'DIE WELT' ARTICLE ON 5 OCTOBER BY ANNOUNCING THE NEWS OF THE EXCHANGE IN A TV INTERVIEW ON OCTOBER 4. SANNE SAID THAT THE CABINET AND THE BUNDESTAG INNER GERMAN AFFAIRS COMMITTEE HAD NOW BEEN GIVEN AN ACCOUNT OF EVENTS ON OCTOBER 9, BUT IT WAS MUCH MORE SUPERFICIAL THAN THE ONE HE HAD NOW GIVEN TO THE

ALLIES. THERE HAD BEEN PRESSURE FOR INFORMATION ABOUT
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PAGE 03 BONN 16163 02 OF 03 121059Z

THE CONTENTS OF THE LETTERS, BUT THE CHANCELLOR HAD
REFUSED TO RELEASE ANY.

9. AMBASSADOR HILLENBRAND ASKED WHETHER IT WAS TRUE
THAT BERLIN GOVERNING MAYOR SCHUETZ HAD OBJECTED TO
THE PACKAGE PROPOSAL BECAUSE OF THE CURRENCY EXCHANGE
PROVISION. SANNE'S CIRCUMLOCUTORY REPLY AMOUNTED TO AN
ADMISSION THAT SCHUETZ HAD NOT BEEN ENTIRELY HAPPY AT
ONE STAGE WITH THE POSITION REACHED BY THE FEDERAL
GOVERNMENT ON MINIMUM EXCHANGE. SANNE SAID THERE WAS
NO DISAGREEMENT NOW, HOWEVER, BETWEEN BONN AND WEST
BERLIN.

10. IN REPLY TO QUESTIONS ABOUT THE RELATIONSHIP BE-
TWEEN SOVIET AND GDR POLICIES, SANNE INDICATED THAT HE
ACCEPTED SOVIET AMBASSADOR FALIN'S ASSURANCE THAT THE
SOVIET UNION HAD NOT BEEN CONSULTED IN ADVANCE ABOUT
THE CHANGES IN THE MINIMUM EXCHANGE QUOTAS INTRODUCED
BY THE GDR IN NOVEMBER 1973. SANNE SAID THAT HE
ASSUMED HOWEVER, THAT THE GDR HAD CONSULTED THE SOVIETS
IN ADVANCE ABOUT THE LINE BEING TAKEN IN THE EXPLANA-
TORY EXCHANGES WITH SCHMIDT.

11. AS REGARDS TRANSPORT QUESTIONS, SANNE SAID THAT

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PAGE 01 BONN 16163 03 OF 03 121056Z

11

ACTION EUR-12

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C O N F I D E N T I A L SECTION 03 OF 03 BONN 16163

THE SENAT AND THE FEDERAL GOVERNMENT ATTACHED PARTICULAR IMPORTANCE TO THE PLANS FOR THE TELTOW CANAL. OTHER PROJECTS WERE THE REPAIR AND MODERNIZATION OF THE HELMSTEDT-BERLIN AUTOBAHN, WHICH WAS IN A BAD STATE, AND THE POSSIBLE CONSTRUCTION OF A NEW AUTOBAHN SPUR FROM HAMBURG TO WITTSTOCK TO LINK UP WITH THE GDR AUTOBAHN NETWORK. THE QUESTION WOULD ARISE WHETHER IT WAS POSSIBLE TO INCLUDE A NEW ROUTE OF THIS SORT IN THE ARRANGEMENTS UNDER THE QUADRIPARTITE AGREEMENT AND TRANSIT TRAFFIC AGREEMENT. ANOTHER PROPOSAL FOR DISCUSSION WITH THE GDR WAS THE INCLUSION OF WEST BERLIN IN THE NETWORK OF TRANS-EUROPEAN EXPRESS TRAINS.

12. SANNE SAID, IN CONCLUSION, THAT HE THOUGHT THERE WOULD EITHER BE A BREAKTHROUGH WITH THE GDR IN THE NEXT TWO WEEKS, I.E. BEFORE SCHMIDT WENT TO MOSCOW, OR THERE WOULD BE A STANDSTILL UNTIL NEXT YEAR. HE THOUGHT THE GDR WOULD NOT WISH TO MAKE CONCESSIONS IMMEDIATELY AFTER HERR SCHMIDT'S VISIT TO MOSCOW LEST IT APPEAR
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PAGE 02 BONN 16163 03 OF 03 121056Z

TO BE MAKING THEM AT THE DICTATION OF THE SOVIETS.
HILLENBRAND

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Message Attributes

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